

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**CORRECTED  
FISCAL NOTE**

**HB 106 – SB 207**

February 25, 2009

**SUMMARY OF BILL:** Creates standards for the maintenance and operation of ambulances, invalid vehicles, and emergency response vehicles by requiring vehicles with 200,000 miles or more to have mechanical inspections at 30,000 mile intervals and prohibiting the use of vehicles with 200,000 miles or more that originated outside of the state of Tennessee or any vehicle that has more than 290,000 miles.

**ESTIMATED FISCAL IMPACT:**

On February 10, 2009, we issued a fiscal note for this bill indicating a *not significant increase to state expenditures and an increase to local government expenditures of \$75,000*. Based on additional information from local governments, the fiscal impact for this bill is estimated as follows.

**(CORRECTED)**

**Increase State Expenditures – Not Significant**

**Increase Local Expenditures – Exceeds \$300,000\***

**Assumptions:**

- The Emergency Medical Services Board inspectors currently inspect these vehicles for design, construction, equipment, sanitation, operation and maintenance standards. Any changes in these standards will not have a significant fiscal impact in the work of the Board inspectors.
- Any necessary rulemaking will be completed during a regularly scheduled meeting of the Board and will not result in a significant increase in expenditures.
- According to the Department of Health's 2007 data, there were approximately 125 vehicles that would be required to have mechanical inspections every 30,000 miles. Any increase in expenditures for the required inspections will not be significant.
- The 2007 data also showed 54 ambulances that had more than 290,000 miles. One of those vehicles was operated by a local government.

**HB 106 – SB 207 (CORRECTED)**

Additionally, seven local government operated ambulances exceeded 250,000 miles.

- According to the Municipal Technical Advisory Service (MTAS), both Memphis and Davidson County have at least one ambulance that will meet the 290,000 miles threshold in the next fiscal year.
- Normally, both Memphis and Davidson County would replace ambulances at approximately 260,000 to 270,000 miles. Due to budgetary limitations, neither local government is currently able to replace the vehicles. Both are planning to run the vehicles as long as possible to meet service needs.
- The ambulance model that both Memphis and Davidson County purchase is medium duty because there is less maintenance cost per mile. Each vehicle costs approximately \$146,000. Two vehicles would increase local expenditures by \$292,000.
- There are 75 county governments that operate ambulances. It is assumed that there will be others that due to budget limitations will not financially be able to replace ambulances on the regular schedule and the vehicles will exceed 290,000 miles.
- The cost to replace an ambulance ranges from \$25,000 for a used ambulance and \$80,000 to \$180,000 for a new ambulance.
- According to the Department of Health, rules proposed by the Emergency Services Medical Board which are similar to this bill have been under review by the Attorney General's Office since 2007.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/kml